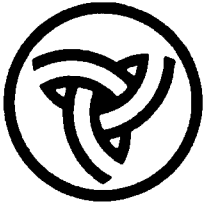


# **FY 1998 Proposed Rail Improvement Program Supplement Update Pontiac July 1997**



**Illinois Department  
of Transportation**



# Illinois Department of Transportation

Office of Planning and Programming  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

July 31, 1997

Dear Rail Program Supplement Recipient:

This document is an amendment to the FY 1998 Illinois Rail Improvement Program Supplement. This document analyzes the potential for use of state funds as a share of the costs to construct a loop track at a grain elevator facility located north of Pontiac, Illinois. The analysis contained herein presents the Illinois Department of Transportation's findings on the benefits and costs associated with the project using the department's standard benefit-cost methodology. This is a required step in making a project eligible for assistance under the department's loan program, but does not guarantee project funding.

I urge you to review this document and to provide comments. Comments may be made orally or in writing. As described more fully in the attached Offer of Public Hearing, a hearing may be held if sufficient interest warrants. Please send comments to:

Mr. Dow Grider  
Bureau of Railroads  
Illinois Department of Transportation  
2300 S. Dirksen Parkway, Room 302  
Springfield, Illinois 62764

If you have any questions or desire additional information, please call Dow Grider at 217/785-8495.

Sincerely,

A handwritten signature in black ink, appearing to read 'Merrill L. Travis'.

Merrill L. Travis  
Chief, Bureau of Railroads

Enclosure

PUBLIC HEARING OFFER  
BY  
THE ILLINOIS DEPARTMENT OF TRANSPORTATION  
CONCERNING THE JULY 1997  
ILLINOIS RAIL IMPROVEMENT PROGRAM SUPPLEMENT AMENDMENT:  
PONTIAC RAIL PROJECT

The Illinois Department of Transportation hereby provides an offer for a public hearing. Should sufficient interest exist, the department will provide a formal hearing on the Pontiac Rail Project. In lieu of hearings, more information can be obtained and written or oral comments can be tendered for the record.

The Department proposes to loan the funds necessary to construct a 4,500 foot loop track north of Pontiac, Illinois. The proposed loop track will act as an extension to existing industry tracks owned by the Prairie Central Cooperative facility.

The project's costs would be provided by the Illinois Rail Freight Loan Program. Copies of the report detailing costs and benefits may be obtained free of charge by calling or writing to the address shown below.

Oral or written comments for the record may be forwarded to the following address. These comments will be accepted for the public record until September 1, 1997. Any interested person who believes a public hearing should be held for this project should forward a written request on or before August 18, 1997 to:

Mr. Dow Grider  
Rail Plan Manager  
Bureau of Railroads  
Illinois Department of Transportation  
2300 S. Dirksen Parkway, Room 302  
Springfield, Illinois 62764

(Phone: 217-785-8495)

AN AMENDMENT TO  
THE FY 1998 RAIL IMPROVEMENT PROGRAM SUPPLEMENT  
JULY 1997  
PONTIAC RAIL PROJECT  
ILLINOIS DEPARTMENT OF TRANSPORTATION

## TABLE OF CONTENTS

	<u>Page</u>
Preface	i
Rail Line Analysis: Pontiac	1-5
Figure 1: Location Map	2
Figure 2: Project Map	3

## PREFACE

The purpose of this amendment to the FY 1998 Rail Improvement Program Supplement is to present an analysis which has been formulated, using prescribed methodology, to assist in an investment decision concerning new track construction at the Prairie Central Cooperative's facility located north of Pontiac, Illinois.

The Illinois Department of Transportation provides financial assistance to railroads, rail users, and units of local government for projects that maintain, improve and enhance rail freight services in Illinois. Financing is made available primarily through low interest loans from the Program. All projects financed by the department must be analyzed and found eligible through the use of a benefit/cost analysis. Projects with a benefit to cost ratio of one or greater are eligible. However, additional criteria must be met before any project funds are obligated.

**LINE:** At Pontiac  
**OWNER:** Prairie Central Cooperative  
**OPERATOR:** Union Pacific Railroad (UP)

**PROBLEM STATEMENT:**

A grain elevator north of Pontiac, Illinois desires to participate in UP's new 75 car "shuttle" train service program. To do so, the elevator needs to re-configure its track layout so to allow for a more expedited (fifteen hour), continuously-coupled carloading operation. The elevator has requested loan funds, from the Department's Rail Freight Program, for the purpose of constructing a 4,500 ft. loop track, which would allow for the loading of one hundred 65' jumbo hopper cars.

The following analysis seeks to determine whether the benefits of constructing the subject loop track exceed the costs, thereby making a trackwork investment eligible for State loan funds.

**BACKGROUND:**

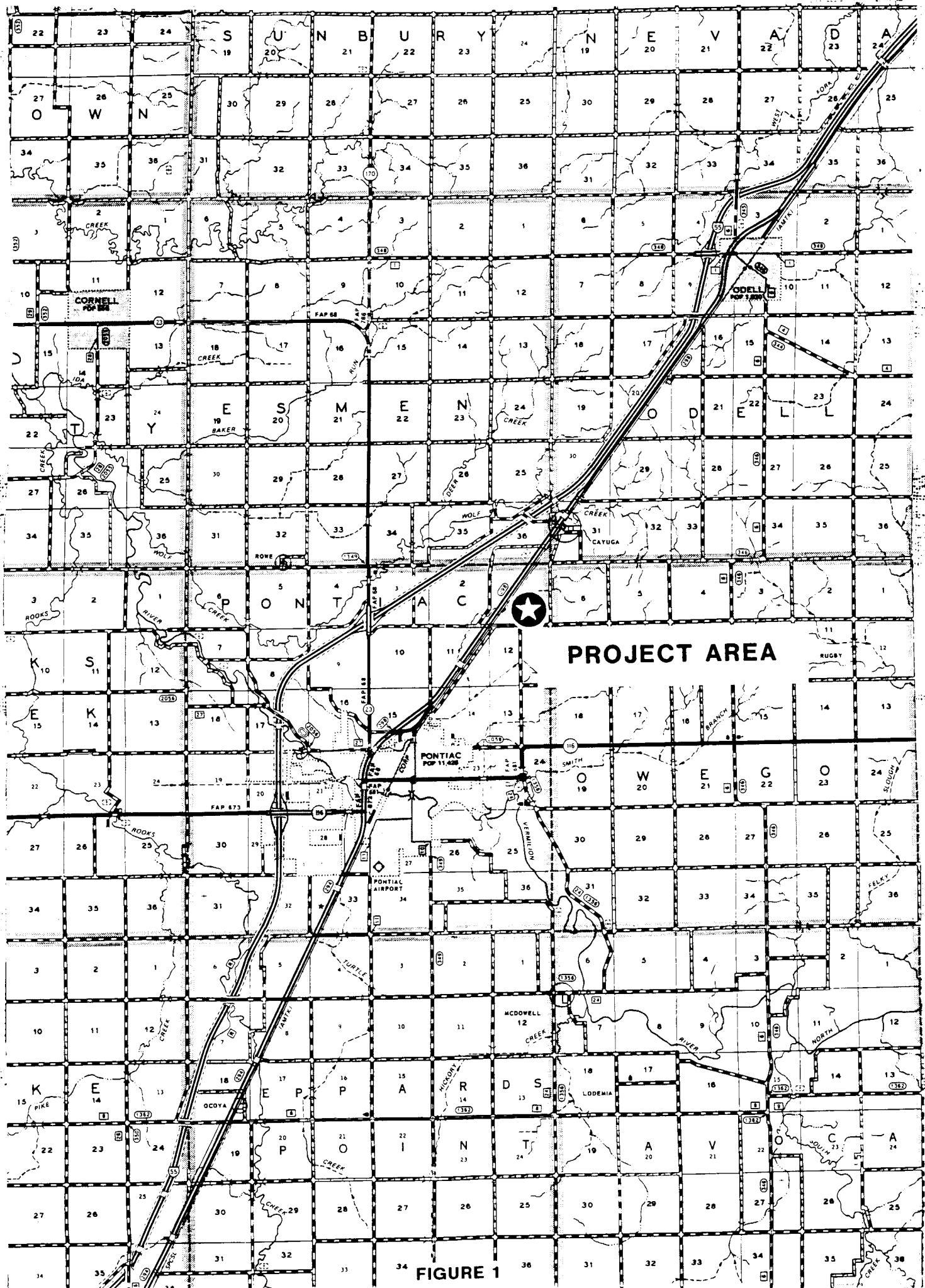
Due to capacity constraints on UP main lines, the UP has initiated a program that provides rate incentives to grain facilities that re-configure their track layouts to allow for the expedited loading (fifteen hours) of 75 - 100 car grain "shuttles." Grain elevator track configurations, as designed in the past, generally do not allow for the efficient movement or handling of shuttle trains. The Pontiac grain elevator, while currently having the track capacity for 75 rail cars, can not meet the UP's new fifteen-hour turnaround guidelines because of limitations due to its current track layout. The elevator thus envisions the construction of a loop track which would meet UP's new requirements.

**CURRENT CONDITIONS:**

**Location:** The elevator is located just north of Pontiac and east of the UP's Chicago - St. Louis main line. The elevator is currently served from the UP main line via the elevator's 12,430 ft. rail siding. Figures 1 and 2 illustrate the facility's location in relation to the surrounding highway/roadway network.

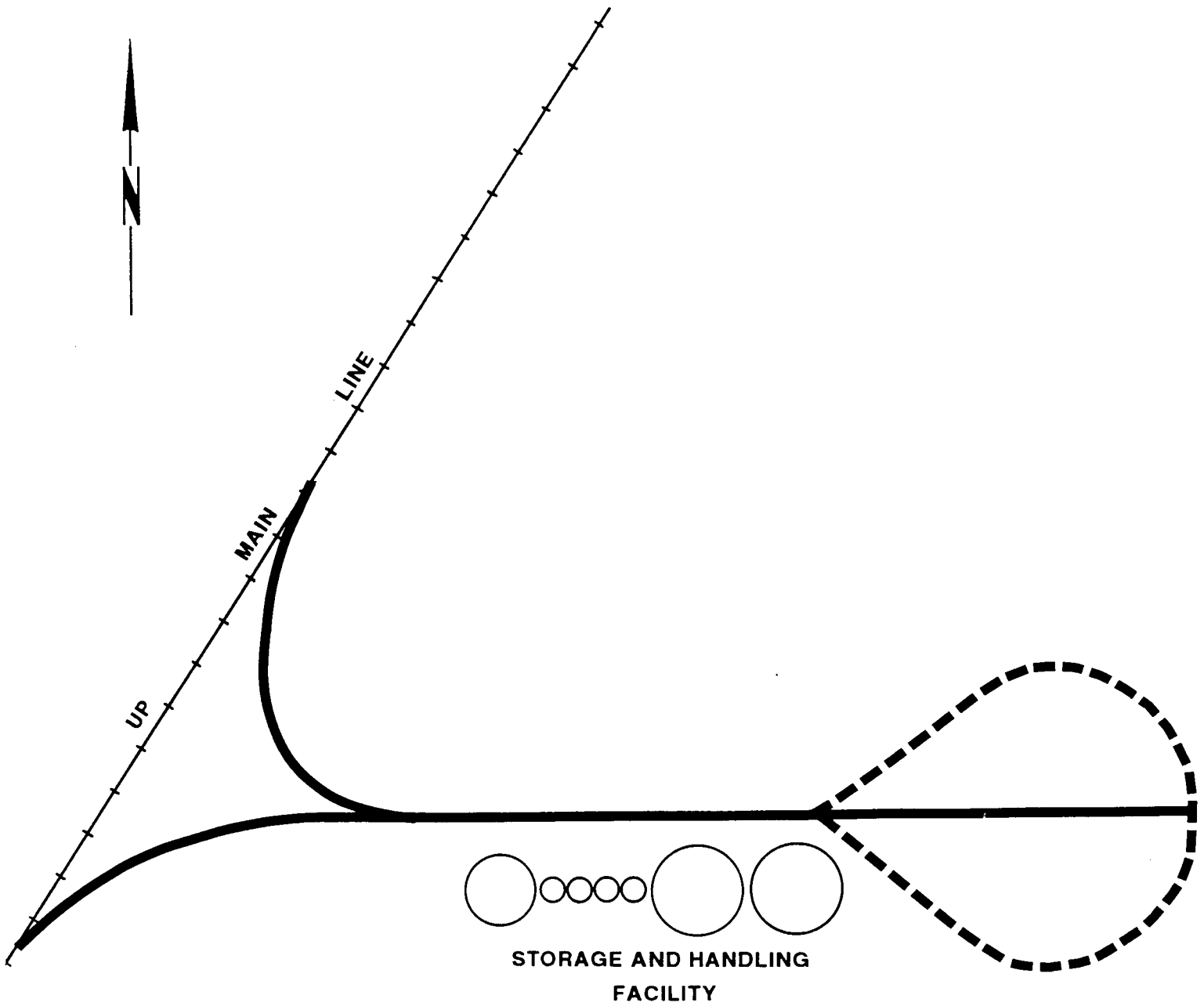
**Physical Condition:** The condition of the existing industry track is good. The elevator has already entered into a track renewal program for the portion of existing track that will eventually connect to the proposed loop track. The Chicago - St. Louis main line to which the elevator track connects is in very good condition and is certain to remain so, as it carries increasing amounts of important traffic, both freight and passenger.

**Alternate Transportation:** An economical transportation alternative for its current market and the traffic the elevator generates at the subject location does not exist.





PONTIAC PROJECT



NOTE: NOT TO SCALE

- PROPOSED NEW TRACKAGE
- EXISTING TRACKAGE

## **INVESTMENT OPTIONS:**

So to determine if an investment in new track construction is feasible, it is compared to a no investment option. The investment option considered here involves the construction of a 4500 foot loop track to accomodate the loading of at least a 100-car grain shuttle train. A no investment option would mean that the elevator would forego transportation cost savings.

**No Investment Option:** Failure to invest in new rail construction at the subject Pontiac location will prevent the elevator and area farmers from enjoying more attractive shuttle train grain rates.

**Investment Option:** The converse of the above would exist if the elevator were to fail to make a track construction investment decision. Estimated project costs are found in Table 1.

Table 1  
**ESTIMATED PROJECT COSTS**

<b><u>Item</u></b>	<b><u>Units</u></b>	<b><u>Material</u></b>	<b><u>Labor/Equip.</u></b>	<b><u>Total</u></b>
Clearing	Lump Sum		\$7,500.00	\$7,500.00
Grading	Lump Sum		67,300.00	67,300.00
Culvert	Lineal Ft.	\$4,500.00	1,800.00	6,300.00
Track Rem.	Track Ft.		400.00	400.00
Subballast	Cubic Yd.	42,900.00	9,900.00	52,800.00
Trk.Constr.	Track Ft.		64,425.00	64,425.00
Rail	Lineal Ft.	78,684.00		78,684.00
Ties	Each	61,848.00		61,848.00
OTM	Track Ft.	34,360.00		34,360.00
T.O. Rem.			13,500.00	13,500.00
T.O. Constr.	Lump Sum	137,600.00	67,000.00	204,600.00
Ballasting	Cubic Yd.	45,500.00	10,500.00	56,000.00
Surf. & Align	Track Ft.		16,238.00	16,238.00
Bonds & Ins.	Lump Sum			18,000.00
Contingencies				33,845.00
<b>Estimated Project Cost</b>				<b>\$715,800.00</b>

The Estimated project cost is reduced by the residual value to approximate the remaining economic value of the improvement at the end of a five year project life. The project cost used for this analysis thus becomes:

	<u>Rail &amp; OTM</u>	<u>Ties</u>	<u>Total</u>
Cost	\$219,544.00	\$97,448.00	
% Life Remaining	x75%	x67%	
After 5 Years			
	<u>\$164,658.00</u>	<u>\$65,290.00</u>	\$229,948.00
Present Worth Factor			x.621
Present Worth Res. Val.			<u>\$142,798.00</u>
In Summary	Project Cost:		\$715,800.00
	Less Present Worth Residual:		142,798.00
	Project Cost For Analysis:		<u>\$573,002.00</u>

### **BENEFITS:**

**Transportation Benefits:** Transportation benefits provided by this project should result in savings to the elevator and the local farm community. By shipping an anticipated volume of 7,143 cars annually via UP at a savings of \$70.00 per car, the elevator should realize an annual savings of \$500,010.00. Transportation benefits in the amount of \$1,895,538.00 are quantified over a five year period in Table 2.

Table 2  
**TRANSPORTATION BENEFITS**

<u>Project Year</u>	<u>Annual Rail Shipment Savings</u>	<u>Discount Factor</u>	<u>Total Discounted Benefits</u>
1 - 5	7143 cars x \$70.00/savings	3.791	\$1,895,538.00

**BENEFIT/COST ANALYSIS:** The transportation benefits directly attributable to this project over a five year period are \$1,895,538.00. These benefits when compared to the net project cost of \$573,002.00 yield a benefit cost ratio of 3.31, thereby qualifying this project for program funding.

$$\frac{B}{C} = \frac{\text{Transportation Benefits}}{\text{Net Project Cost}}$$

$$\frac{B}{C} = \frac{\$1,895,538.00}{\$573,002.00} = 3.31$$